

Annual Report of Health & Ed, Industrial Development, and Sports Authority
Board Lessees

FREQUENTLY ASKED QUESTIONS (Rev. 2012)

Who is responsible for filing? The business using the property under lease from the Board should file the report. If there are both prime and sublessees it is suggested that the business using the property take the lead in insuring the report is filed.

Is it possible to extend or postpone the filing deadline (Oct. 1)? No, the statute does not provide for extensions. The penalty for late filing has been reduced to \$50. A copy of the report must be filed with the county assessor of property by October 15, and failure to file with the Board or assessor within 30 days after written demand will add \$500 to the PILOT otherwise due.

How is estimated value determined? The law requires merely a good faith estimate of value, not a formal appraisal. For relatively new property, a summary of costs may be a good measure of value. State assessment standards for tangible personal property require depreciated acquisition cost be used as the taxable value of personalty, using depreciable lives provided by statute (e.g., eight years for manufacturing equipment, to a maximum of 80% depreciation). Construction-in-process personalty values are limited to 15% of acquisition cost as long as it is still reported as CIP for federal income tax purposes.

How does the filer determine when the property will return to the assessment rolls? With the option to renew the lease or to exercise an option to purchase at any time, it may not be possible to precisely predict when the property will return to the assessment rolls. It is suggested you use the lease expiration date as the likeliest time unless you have reason to believe another date is better.

E-mail your other questions to Kelsie Jones at kelsie.Jones@cot.tn.gov.